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FIRST COUNTRY COOPERATION FRAMEWORK FOR UNITED ARAB EMIRATES (1997-2001)

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INTRODUCTION

1. The first country cooperation framework (CCF) for the United Arab Emirates, covering the years 1997-2001, emerged from a consultative process between the Government and UNDP, along with United Nations system agencies and civil society organizations (CSOs). It is based on national development objectives and a strategic vision into the twenty-first century, as contained in the Dubai Strategic Plan, 1996-2000. The experiences gained from the mid-term review of the fifth country programme, the United Nations Conference on Environment and Development (UNCED), the International Conference on Population and Development (ICPD), the Fourth World Conference on Women, the World Summit for Social Development, and the Second United Nations Conference on Human Settlements (Habitat II) guided CCF preparation. It also took into account the results of studies conducted under the TSS-1 and development support services facilities, the thematic evaluation on UNDP cooperation in public sector management and reform in Arab countries including the United Arab Emirates, the programming and project identification exercises of the United Nations Industrial Development Organization (UNIDO) in Dubai and Abu Dhabi, and the recommendations of several in-country conferences, symposia and seminars in pertinent fields.

I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

2. The United Arab Emirates carries a sustained record of economic and human development over the past 25 years, with demonstrable results in education, health, sanitation, housing, life expectancy, environmental and cultural safeguarding, and rational utilization of natural resources. These results were facilitated by the country's immense oil reserves, small population, political stability, and social security.

3. The United Arab Emirates consists of seven emirates of varying surface areas, natural resources, and population, ranging from 400,000 in Abu Dhabi to 30,000 in Umm Al Quwain. The overall size of the country is about 81,500 square kilometres. Its population is composed of 700,000 nationals and 1.6 million expatriates. Its main income derives from oil and natural gas; commercial activities, particularly in the emirate of Dubai, the second richest emirate in the federation, also yield sizeable revenues. The United Arab Emirates is the fourth largest oil-producing member of the Organization of Petroleum Exporting Countries (OPEC). Estimates show that the oil reserves of Abu Dhabi could last into the twenty-second century, whereas that of Dubai could be exhausted by 2020. Sharjah, on the other hand, has dwindling oil reserves, but gas and condensates are emerging as substitutes. The other four emirates - Ajman, Umm Al Quwain, Ras Al Khaima and Fujairah - do not have natural resources of any significant economic value. Ras Al Khaima is currently exploring for oil and gas.

4. Generally, over 60 per cent of the gross domestic product (GDP) accrues to Abu Dhabi, 25 per cent to Dubai, and the remaining 15 per cent to the other five emirates. Per capita annual income is one of the highest in the world at about $18,000, but it varies considerably among the emirates, ranging from $22,000 in

Abu Dhabi, to $16,000 in Dubai, $8,500 in Sharjah, and between $7,000-8,000 in the other emirates. Although the standard of living is higher in Abu Dhabi and Dubai than in the poorly endowed emirates, their small populations (Ras Al Khaima 145,000, Ajman 80,000, Fujairah 70,000, and Umm Al Quwain 30,000) maintain a comparatively high standard of living and enjoy free social services.

5. Its free market economy and steady income from hydrocarbonates place the United Arab Emirates among the top few developing countries investing heavily and consistently in human development. The dividend of such investment manifests itself in the impressive current record of social indicators as compared to that of 26 years ago. In 1995, 947 schools served 480,000 students, representing a remarkable growth for a country with virtually no educational system prior to 1971. Tertiary education is provided by eight polytechnics and the United Arab Emirates University (UAEU). The total number of UAEU graduates between 1982 and 1996 reached 17,241, out of which about 64 per cent were women. In 1996/97, the number of female university students rose to 79 per cent of total university enrolment, which amounted to 14,000. Other indicators of the United Arab Emirates' huge investment in human development are the rise in life expectancy to 74 years, as compared to 46 in 1971; adult literacy at around 80 per cent, and primary school enrolment at 100 per cent. Access to health services, safe water and sanitation was less than 5 per cent in 1971; now it is 99 per cent, 95 per cent, and 94 per cent respectively. Infant mortality dropped from 145 to 18 per 1,000 births in this same period, and there is one physician for every 1,095 persons.

6. Despite these impressive achievements in human development, the Government recognizes that the labour force, which is about 1 million and of which 85 per cent is foreign, must be restructured and retrenched to attract more nationals to employment. Restructuring and retrenching also demands revitalizing the civil service and management practices to meet the challenges of a vibrant free-market economy and the rapid changes in information technology.

7. Development progress has produced mixed results for women. Despite the high female enrolment in tertiary education, their labour force participation is still very modest. A recent study carried out under the UNDP regional Centre for Arab Women's Training and Research project revealed that the United Arab Emirates has the lowest ratio of female workers among all Gulf Cooperation Council countries. The study suggested that with improved manpower planning to correct the current mismatch between education system outputs and market demand, pursuit of strategic policy for strengthening women's participation in the labour force, amendment of certain civil service legislation, and the provision of support services will result in greater utilization of this human reserve to reduce reliance on expatriate labour.

8. The ongoing project on women's participation in the economic, political and social life in the United Arab Emirates" is addressing the gender imbalance. Its approach will outline a long-term strategy for women's participation in development and an action plan to be discussed by all concerned structures and partners including non-governmental organizations (NGOs) and civil society during a seminar scheduled in November/December 1997. This innovative, global

approach could be presented at the regional level and an interregional workshop could also be held.

9. The United Arab Emirates faces the following main challenges: (a) uncertainty of oil markets and prices; (b) changing global scenarios in trade and production structures, and resultant sharp economic competition; (c) the emergence of other competing trade and transport centres that may affect the country's position in the region; (d) high levels of current and capital expenditures putting pressure on public finances and endangering the country's long-term financial stability; (e) heavy dependence on foreign labour and low participation of nationals; and (f) a shortage of national technical and managerial personnel.

10. Despite the fact that the country's hydrocarbon resources are finite, oil prices remain subject to supply and demand conditions, where costs and prices of alternative energy sources can influence future prosperity. Progress in energy production technologies and a supply of alternative sources of energy to the oil of the Gulf region could have an impact on the United Arab Emirates' future sustainable human development (SHD). Given these considerations, the two prosperous emirates of Abu Dhabi and Dubai, with United Nations cooperation, have embarked on long-term strategic plans to situate the country's economy in an advantageous position to meet emerging trends in international trade and technology. In this regard, a dual policy of diversification is being formulated: diversifying the hydrocarbon sector, as well as other expanding sectors such as construction, trade, tourism, manufacturing, transport, and communications.

11. An elaborate infrastructure with heavy investments and capacities in water desalination and electricity generation, harbours and airports, and free trade zone industry all put the United Arab Emirates in an advantageous position to take off in non-oil sectors.

12. To respond adequately to the current situation and emerging challenges, the two largest emirates of Abu Dhabi and Dubai have embarked upon the preparation of strategic development plans to create a more consistent and feasible framework for development activities and policies. Recently, the Government has taken measures to reduce the growth of the public deficit. Charging nationals for the cost of previously subsidized water and electricity is an example. Privatization of public enterprises and utilities is being considered. The Government also stepped up its efforts to increase the participation of nationals in the labour force through measures aimed at improving the efficiency and effectiveness of the educational and training system, enforcing more direct measures towards the localization of certain sectors, as well as through adoption of policies aimed at reducing labour-intensive activities through capital-intensive technology.

II. RESULTS AND LESSONS OF PAST COOPERATION

13. Institutional and human capacity-building permeated all four areas of intervention during the fifth country programme, namely economic planning and management, economic diversification, efficient management of public utilities,

and human resources development. An assessment of most completed projects indicated that the majority of these could be considered as having been effective. Effectiveness was defined mainly in terms of successful generation of outputs and their subsequent utilization by government institutions and target beneficiaries. Several projects have resulted or will result in government decrees, while some have provided valuable inputs to prepare comprehensive development plans in the two largest emirates of the country. This demonstrates that the programme has generated outputs of national policy importance.

14. The results of the fifth country programme are reflected in the enhanced efficiency of the municipalities of Dubai and Sharjah, and to some extent Abu Dhabi, in their increased revenue earnings. Likewise, the numbers and capabilities of planners and economists in national and regional planning, finance, and public works and housing have been expanded. Modern management and financial control systems and procedures were initiated in municipalities in Abu Dhabi, Dubai, and Sharjah. The programme also made inroads into the northern emirates that did not participate in the country programme because of lack of resources. It also initiated activities with the private sector and NGOs, particularly NGOs dealing with women's issues.

15. Cooperation between the United Arab Emirates and UNDP spans over 25 years. Since 1992, the country programme has been fully funded by the country, supplemented by modest interventions from UNDP (TSS-1, Management Development and Governance Programme, and development support services sources). The December 1994 mid-term review of the fifth country programme concluded that it had responded effectively to national priorities through the provision of policy advice, transfer of technology, and institutional and human capacity-building.

16. The mid-term review endorsed the substantive contribution of the programme's four focus areas and recommended flexibility to support other important initiatives in the context of human and environmental development and sustainability.

17. United Arab Emirates/UNDP cooperation has gradually moved away from operational expertise to advisory services, training, and studies in priority sectors. The implementation of the fifth country programme increased the use of national institutions and national consultants, resulting in rapid interventions based on indigenous knowledge of the United Arab Emirates' developmental needs and priorities.

III. PROPOSED STRATEGY AND THEMATIC AREAS

18. Despite the fact that the United Arab Emirates is a high per capita income country, the Government recognizes a continuing role for UNDP in supporting national development in SHD areas. UNDP cooperation is sought by the Government to render (a) a politically neutral role in policy initiatives such as employment promotion, gender equality, governance, and sustainable natural development in concert with Agenda 21; and (b) a catalytic role in mobilizing support and additional resources for the less resource-endowed northern emirates.

19. To reinforce the shift to an SHD orientation, the strategy for UNDP cooperation during the first CCF period will be to concentrate on a few priority areas, namely sustainable natural resource management, human resource development to generate employment opportunities and greater participation of women in the labour force, and governance. This focus will assist the Government to diversify its economy, create employment, achieve sustainability of human and natural assets, integrate women in development, and maintain good governance.

20. In line with the mid-term review recommendation that a futuristic-looking programme of cooperation should be pursued in an integrated and coordinated manner, the CCF will concentrate on four broad areas: (a) enhancing the efficiency and planning capacities of municipalities in environmental, urban and natural resource management; (b) creating a system of vocational and technical training to address the economy's needs in mechanical, electrical, automotive, and carpentry trades, and thus gradually reduce total dependency on foreign workers in these fields; (c) reorienting the educational system to meet the challenges of a diversified economy in the years ahead particularly in trade, construction, industry, tourism, transport and communications, and manufacturing; and (d) strengthening the administrative, regulatory, and personnel systems in the northern emirates in particular, and revitalizing public sector management in general.

21. The Government recognizes the need to train its nationals so that they can gradually replace foreign workers. In this respect, the Government has made important progress in providing education/training for professional and technical manpower. It now intends to provide training at the technical skills level, particularly for school dropouts and job-seekers, in order to improve their prospects in the private sector. The Government also intends to give these target groups the possibility of self-employment or starting their businesses through a training package that integrates business with vocational trades.

22. Consolidating activities in the environment and planning and management fields will form part of the strategy of sharing expertise and experiences among the Abu Dhabi, Dubai, Sharjah emirates and the northern, less resource-endowed emirates. Programmes of study and orientation in the municipalities of Abu Dhabi, Dubai and Sharjah will be pursued. The strategy will also involve the use of short-term consultants, national institutions and expertise, and in-country training secondments and networking.

A. Sustainable natural resources management

23. The United Arab Emirates has witnessed dramatic changes in lifestyle over the past two decades. The country's accelerated economic growth, development, and urbanization are now posing pressure on available natural resources and the environment. Many constituents of the country's biogeophysical foundation are progressively degenerating and, in some cases, are becoming extinct due to the unsustainable management of resources and the imbalance between limited supply and excessive demand.

24. Extensive exploitation of oil and gas brought about the economic boom that enabled rapid urbanization. This, in turn, increased the demand for services and scarce water resources, which has been exacerbated by the high population growth rate of 3.9 per cent. Diversification of economic activities is now critical to sustain past achievements, as is the more rational planning, management, and use of hydrocarbons, marine resources and water supplies. Given the scarcity of water, the United Arab Emirates' overwhelming environmental priority is to conserve and protect its water resources. The viability of the United Arab Emirates; land resources, urban and rural productive activities, public health, tourism, and biodiversity all depend to a large extent on sustaining the available water resource base.

25. The country's coastal zones largely extend along the Arabian Gulf and the Gulf of Oman, representing a valuable economic resource for development and tourism. The coastline has one of the most fragile and endangered ecosystems in the world, deeply affected by marine pollution. The United Arab Emirates' marine environment is under considerable stress due to oil spills, ballast water discharge, dredging, and landfill for coastal development.

26. A Federal Environmental Agency (FEA) was newly established to respond to the country's commitment and obligations to the international community and to the 1992 Rio Declaration. FEA is viewed as the nucleus of an integrated environmental management system capable of managing and coordinating the environmental aspects of developmental activities at the federal level. At present, the FEA operates without a national Agenda 21, national environmental strategy, or a national environmental action plan. The development of these last two are fundamental to prioritize national environmental concerns, determine how to manage them, and to ensure the Government's commitment.

27. Under the CCF, UNDP will assist the United Arab Emirates in formulating a strategy and an action plan within the framework of Agenda 21. The programme of cooperation will focus on strengthening institutional coordination among all agencies of the federal government and individual emirates, with NGO involvement. It should also lead to standardization of environmental regulations, monitoring, and control over all aspects of environment and natural resources management. The CCF also envisages training of nationals in environmental sciences, economics, and the law.

B. Human resources development

28. Education in the United Arab Emirates is free at all levels. Primary school enrolment is 100 per cent for both males and females. Yet, there is a sizable drop-out rate at the secondary school level. Technical education, more attractive for males than for females, is accessible at the higher tier/college level in eight higher colleges of technology. Vocational education is in its infancy; for this reason, nearly all construction, transport, utilities, mechanical and electrical, and other labour-intensive trades are performed by imported labour. Business education is also not fully established. The Government has therefore decided to seek UNDP cooperation to revamp the educational planning and management system, and to reinforce vocational and business education.

Educational planning and management

29. The programme of cooperation will entail strengthening the educational planning department in the Ministry of Education by creating units for statistics and management, budgeting and financial analysis, and training educators and managers. A national centre for educational research and information is proposed that will, inter alia, assess the learning achievement of students in basic education and vocational education and training, and create an educational monitoring and evaluation system.

Vocational training

30. The Government seeks to establish a national vocational training system and centres to train 4,000 nationals over the next five years in mechanical, electrical, automotive, and carpentry. It also plans to create mobile units for a vocational outreach programme, including schemes to equip the trainees with business and operational skills. The feedback system for updating and developing training plans will operate with tripartite trade advisory committees as the main link between industry/commerce and the training system. A system and procedures will be put in place to plan future activities and ensure the necessary resources, as well as to supervise training and evaluation. The programme will collaborate closely with current United Arab Emirates-funded, German Government-executed technical education activities. These reforms aim to attract nationals to teaching and technical trades, and to gradually reduce excessive dependency on foreign labour.

C. Governance

31. The federal government is composed of a Supreme Council, headed by the Ruler of Abu Dhabi, who is the country's Head of State; a Council of Ministers, with the Ruler of Dubai as Prime Minister; a parliamentary body, the Federal National Council; and an independent judiciary. The Supreme Council is the country's highest authority and is vested with legislative and executive powers. It ratifies federation laws and decrees, and formulates federal policies. The Constitution assigns responsibility to the federal authorities for foreign affairs, defense, national security, naturalization and immigration, education, public health, currency and communication services. In parallel, the Constitution assigns to the emirates all powers not assigned to the federal government by the articles of the Constitution.

32. In the northern emirates of Ajman, Umm Al Quwain, Ras Al Khaima, and Fujairah, the personnel systems, municipal management, and development planning are generally antiquated. The CCF will assist these emirates in introducing modern planning, management, and statistical and information systems in conformity with the systems currently operating in Abu Dhabi, Dubai, and Sharjah. Extensive personnel training will be launched along with on-the-job training in cooperation with the municipalities of Abu Dhabi and Dubai, which have extensive experience in these fields.

33. The CCF will also assist the Government in promoting an enabling environment for sound governance through the introduction of new models of

public sector management and quality service management; supporting the enabling environment for private sector development, including a review of existing civil service law and public sector organizational structures; and introducing methods and criteria for human resource management in the public sector. Training programmes in development management and administration will be established in cooperation with national management institutions, and with the involvement of private sector entities.

IV. MANAGEMENT ARRANGEMENTS

34. The programme will be jointly managed by the Ministry of Foreign Affairs, Department of International Cooperation, and UNDP. Monthly meetings are envisaged involving UNDP and the ministries of foreign affairs, finance and planning. This body will be responsible for endorsing project proposals, reviewing ongoing programmes and projects, and determining the level of financing required.

35. The national execution modality and United Nations Office for Project Services execution in cooperation with national institutions including NGOs and CSOs will be preferred for new undertakings. Programmes that cut across various sectors will be subject to agency cooperation arrangements. The use of United Nations Volunteers, the United Nations International Short-term Advisory Services, and technical cooperation among developing countries collaboration will be sought in the vocational training programme in particular.

Programme monitoring and review

36. In reviewing the Programme substantively, UNDP will seek the assistance of the specialized agencies and the Economic and Social Commission for Western Asia (ESCWA). The programmes and projects will be monitored and reviewed according to UNDP procedures, with the active lead and participation of the Government. At the emirate level, projects will be reviewed on site. Cross-sectoral reviews will be undertaken where appropriate. The programme will be evaluated at mid-point.

Resource mobilization

37. The CCF is fully funded by the Government. It singles out those areas in which the partnership with UNDP is particularly relevant, universal, and cost-effective. Additional funds from support for policy and programme development (SPPD)/support for technical services (STS) and technical support from ESCWA and the United Nations system will be sought. The private sector and other civil society organizations will be tapped for support to governance, human development, and environmental sustainability initiatives.

38. The UNDP resource mobilization strategy during the CCF period is two-pronged: (a) in view of the United Arab Emirates' net contributor country status and the lack of UNDP core resources, to mobilize cost-sharing resources to finance 100 per cent of cost of UNDP operations in the country; and (b) to mobilize cost-sharing resources to support UNDP and United Nations agency programmes in other countries. For its in-country operations, UNDP will

mobilize cost-sharing resources to intensify the impact of ongoing projects, finance new projects in the two emirates of concentration (Abu Dhabi and Dubai), and extend the UNDP presence to the less-developed northern emirates. To achieve the latter, UNDP intends to mobilize resources from the federal Ministry of Finance and seek donations from emirate-level government and non-governmental sources within the most prosperous emirates of Abu Dhabi and Dubai. In order for these efforts to bear fruit, funding from UNDP core resources (Special Programme Resources and regional resources) is necessary. This will permit greater flexibility in the utilization of development support services and resident coordinator funds as seed money, to demonstrate the commitment of UNDP as a development partner. UNDP will also continue its efforts to convince the Government to contribute programme cost-sharing resources to maximize the catalytic effect of UNDP-supported programmes.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR THE UNITED ARAB EMIRATES
(1997-2001)

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
Estimated IPF carry-over	(977)	Amount shown represents pending government cost-sharing contribution.
TRAC 1.1.1	-	
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
Other resources	381	SPR for SHD, PSI and MTR
SPPD/STS	-	
Subtotal	(596)[a]	
NON-CORE FUNDS		
Government cost-sharing	20 512	On the basis of government commitment and anticipated resources.
Sustainable development funds	-	
Third-party cost-sharing	13	
Funds, trust funds and other	-	
Subtotal	20 525	
GRAND TOTAL	19 929[a]	

[a] Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: IPF = indicative planning figure; MTR = mid-term review; PSI = Poverty Strategy Initiative; SHD = sustainable human development; SPPD = support for policy and programme development; SPR = Special Programme Resources; STS = support for technical services; TRAC = target for resource assignment from the core.